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ABSTRACT

Analysis of the history of Chapter 1, the Federal program for the education of the disadvantaged, and a review of the research into the program's effectiveness show the inefficiency of Federal influence and funds in local schools. Chapter 1 has done little good for students: it has neither raised the achievement of the educationally deprived and poorest students, nor reduced the gap between them and other students. Indeed, more Chapter 1 funds have often been spent on more nonpoor than poor students, and the program has put many of the poorest and most educationally deprived students at a greater disadvantage. Overall, Chapter 1 has consumed about $36 billion for ineffective services that interfere with regular school programs. It has also interfered with other Federal educational programs, so that its net effect may have been to contribute to inequality and to the declining productivity of America's schools. With such a record, Chapter 1 might best be terminated. For political reasons, this is unlikely. The program, however, can be improved in two major ways. First, policymakers could make better use of research on educational productivity. And second, direct scholarship grants, modelled on the G.I. Bill, might be offered to poor students. (KH)

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POLICY STUDIES IN EDUCATION

Federal (Chapter 1) Educational Spending and Effects on Poor Children

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October, 1984

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LEARN, Inc., is a private, tax-exempt research foundation specializing in education policy and supported entirely by voluntary contributions. We believe that the collapse of educational excellence in the 1960's and 1970's was caused by the neglect of certain fundamental principles. Until educators are willing once again to heed those principles, schools will continue to be places of frustration and despair.

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1. Not all subjects are equal: there are certain basic skills which students should not be free to avoid. These include competence at reading, writing and mathematics, and acquaintance with the worlds of literature, art and music, history, politics, and the natural sciences.

2. Real learning is hard work: homework, tests, and grading should be restored to their rightful places.

3. A sound disciplinary climate, with swift and sure penalties for misbehavior, is indispensable for academic effectiveness.

4. School faculties need more liberal-arts graduates with some measure of real learning, and fewer alumni of the warehouses for the semi-competent called "teacher colleges."

5. Schools should pay more attention to excellence than to equality. The schools which contribute most to the cause of equality are precisely those which concentrate on excellence.

6. Schools need leaders, not mere functionaries. Vigorous, responsible leadership is incompatible with the crazy-quilt of overlapping State and Federal agencies which have acquired the power to regulate, limit, and reverse local decisions.

7. Monopolies hurt both consumers and producers, and violate the basic principles of a pluralistic society. Vouchers, tax credits, and similar mechanisms for broadening parental choice are essential to education reform.

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Federal (Chapter 1) Educational Spending and Effects on Poor Children

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This report analyzes the history and recent, comprehensive, evaluations of Chapter 1, the federal program for the education of poor or educationally-deprived children. This $3 billion per year program illustrates the inefficiency and even harm of federal influence and funds in local schools.

In brief, Chapter 1, contrary to its apparent though vague goals, left out about twice as many poor children as it reached. More money was spent on non-poor than poor children; and less money was spent on lower achieving students than on those making normal academic progress.

About $38 billion spent on Chapter 1 since 1965 led to larger relative disadvantages of many of the poorest and lowest achieving children, since the small benefits to learning occasionally found were concentrated in the the least poor and non-poor children. The small and infrequent gains in achievement, moreover, were seldom sustained over the summer months when the children were not in school; and no sustained or delayed gains have been detected. In addition, it appears that Chapter 1 and other categorical programs of the federal government interfered with the effectiveness of schools and exacerbated the problems of the intended beneficiaries of such programs.

Spending and Productivity in American Education

Education may be our largest enterprise in terms of the numbers of people involved, the value of human time required, and the capital and operating expenditures budgeted. The value of education invested in the American labor force, for example, rose from $65 to $815 billion since 1900 (Walberg, 1983).

In the last few decades, moreover, spending on schools and colleges accelerated: it rose from $11 to $200 billion per year; and its percentage share of the gross national product rose from 3.4 to 6.8 percent. In addition, the inflation-adjusted annual costs of public-school education rose about five-fold from $490 to $2,500 per-student during the past half century. Yet sharply rising costs of schooling in the U.S. and increased federal influence on local schools in recent decades have been associated with declining numbers of students served and lower achievement test scores.

Recent studies provide an even more grim picture of U.S. learning than that revealed in A Nation at Risk by the National Commission for Excellence in Education (1983), which relied on 1967 and 1972 international comparisons. In mathematics, for example, Stevenson (1983) recently found that students in the U. S. fall further behind Japanese and Taiwanese students at each grade level; and, by fifth grade, the worst Asian classes in his large sample exceeded the best American class. Our research and observations in elementary science classes in Japan corroborates his findings: Recent achievement comparisons in high school mathematics also showed that about 98 percent of Japanese students outscore the typical Illinois student.

Thus, in an long era of rising real costs and apparently declining services in education, it is important to examine expensive programs and ask if they have helped children's learning. Until recently, however, it has been difficult to arrive at definitive conclusions about the impact of increased federal influence and spending on educational programs such as Chapter 1. Nor have their costs and effects been well understood in formulating federal policy. The failure to measure costs and effects in itself may reveal carelessness in the use of public funds to promote the nation's interest and individual welfare.

A Brief History of Chapter 1

The effects of Chapter 1 are difficult to discern for several reasons that have been historically analyzed by Stanford Univerity's Michael Kirst and Richard Jung (1980). Title I, now called "Chapter 1," originated in the "War on Poverty" in the administration of President Lyndon B. Johnson. It represented, according to Kirst and Jung, "perhaps the widest constellation of interest groups ever assembled on a domestic issue."

Further quoting them:

> "The orginal legislation contained five titles with multiple and even conflicting goals. The political viability of the bill was, in fact, enhanced by promising something for most major interest groups and by circumventing, often through obfuscation of statutory language, the issues which had historically contributed to the defeats of previous efforts to increase federal involvement in elementary and secondary education" (p 20).

The three obstacles, overcome by vague language of the bill, were: 1) direct or indirect public support for private schools; 2) federal support of racially segregated schools; and 3) the American tradition of state and local control of schools. The

avowed purpose of Title I, as set forth in the bill (1965) was:

> "to provide financial assistance to local educational agencies in counties with especially high concentrations of children from low-income families to enable local educational agencies to provide more effective programs of instruction, especially in the basic skills of reading, writing, and mathematics to meet the special educational needs of educationally deprived children" (Public Law 89-10, emphasis added).

Does this mean that school districts or children were to be helped? If school districts were to be helped, then could some fraction of the money ultimately go to non-poor schools or children? If children were to be helped, were they to be poor or educationally deprived, or were the two to be taken as the same (even though income and other social class indicators account for only about six percent of the variance in learning, Walberg, 1984)?

Even after subsequent years of controversy about these questions, the ambiguities went unresolved in the subsequent 1981 re-authorization of Title I, which was then renamed "Chapter 1." On July 29, 1981, the House Congressional Record published a "Declaration of Policy" setting forth the purpose of meeting "the special needs of educationally deprived chilren" on the basis of poverty entitlements. Further:

> "The Congress recognizes the special educational needs of children of low-income families, and that concentrations of such children in local educational agencies adversely affect their ability to provide educational programs which will meet the needs of such children" (p. 446).

The precise intent of such language, however, may not be critical in any reasonable view. The most recent and comprehensive research (discussed below) shows that the $38 billion spent on the program was concentrated neither on poor nor low-achieving students and that it put both groups at relatively greater disadvantages since the learning benefits sometimes observed were most often found among non-poor and non-educationally deprived students.

Early Evaluations

According to Kirst and Jung, evaluations of Title I during the first five years:

> "splashed horror stories of weak federal administration and even malfeasance; early impact studies consistently found negligible educational impacts of the Program on

> Title I students. The first comprehensive evaluation by an external research group concluded that many of the misuses of Title I funds were so gross that even non-experts can readily spot them. All other early studies of Title I administration by external research agencies or individuals have reinforced this first negative assessment of wide-scale misallocation of Title I funds" (p. 22).

During the middle years of the program a large scale evaluation in 1972-73 in 36 school districts in ten states showed "quite depressing" administrative efficiency and effectiveness. According to the evaluation, U.S. Office of Education Title I regulations were inadequate for local school districts and worthless for state departments of education; assessments of the educational impact were unsatisfactory; and enforcement of audits was nonexistant. The evaluation, however, showed improved probity in spending about $1.5 billion per year at that time in the name of poor children: "Blatant misallocation of funds which clearly violated the intent of Title I" had been "substantially reduced" (Planar, 1973, p. iii).

Recent History

Later evaluations of Title I, called "Chapter 1" since its legislative re-authorization in 1981, reveal more and more definitive conclusions about the failue of the program to improve the learning of poor children. Before turning to these, it is worth turning once again to Kirst and Jung's long-range analysis. Title I exemplifies the "Iron Triangle" of 1) Congressional subcommittees responsible for educational legislation, 2) the implementing agencies, particularly the U.S. Office of Education, as well as unelected bureaucrats in state agencies and local districts with divided loyalties between their nominal employers and federal interests, and 3) professional education and special interest lobbies.

The lobby organizations include "The Big Six," as they are known in Washington: National Education Association, Council of Chief State School Officers, National School Board Association, American Association of School Administrators, National Associaton of State Boards of Education, and National Congress of Parents and Teachers. The special interest groups include providers or recipients of Title I funds such as the National Advisory Council for the Education of Disadvantaged Children, the National Welfare Rights Organization, the Legal Standards and Education Project of the National Association for the Advancement Colored People, Lawyers Committee for Civil Rights Under Law, National Association

of Administrators of State and Federally-Assisted Education Programs, and the Education Commission of the States. The Ford Foundation and Harvard Center for Law and Education have supported lobbying, technical assistance, advocacy, and other activities of these groups.

The Big Six lobbied Congress for Title I to avoid raising educational funds from their own communities and constituents. The recipients initially believed their children would benefit from Title I services or at least the funds would trickle down to them. The special interest professional groups stood to benefit directly in jobs for members, additional responsibilities and pay, and increased control of school districts.

These groups and their activities had several related effects. Federal expenditures and total expenditures rose swiftly; per pupil Title I expenditures went from $116 in 1966 to $379 in 1979, and are now about $450. Under the watch of special interests, the vague language of the original bill was bureaucratically translated into detailed operating mandates, thereby shifting significant control of education from local communities to the federal agencies.

In addition, career ladders in Title I were created at state and local levels; officials in these jobs no longer had undivided responsibilities to superintendents and school boards but sought to expand programs and placate senior officials in state and federal government. More complicated and detailed regulations required technical skills to interpret, coordinate, and transmit to principals and teachers; federal, state, and local program "monitors" checked enactment of regulations in classrooms.

Conflicts among federal, state, and local interests and regulations required larger staffs to interpret and negotiate. More lawyers, accountants, and internal evaluators were required to conceal or rationalize financial misallocation and program failures. All these appeared to do little good for children's learning; they may have indeed distracted educators from their direct responsibilities.

Title I malfeasance and mismanagement brought in lawyers to represent special interest groups, which had lobbied for funds that were not effectively finding their way to poor children. Title I required courts in some instances to regulate and even operate local schools.

In addition, Kimbrough and Hill (1981) found that Title I guidelines conflicted with federal laws and court orders regarding special education, bilingual education and school desegregation. These programs require grouping of children into various

classifications such as emotional or intellectual handicap, language deficit, race and language, and poverty.

It has proved nearly impossible to concentrate students categorized by federal guidelines in schools for special services while avoiding long-distance transportation from their homes. Kimbrough and Hill's (1981) case studies of eight districts across the nation showed that children from different neighborhoods may arrive and leave at different times for various programs, and be taken from their regular teachers and classmates to one or more "pull out" programs governed not by principals but from the central district office, the state department, and ultimately the federal government.

The case studies of categorical programs show that the children in the programs receive neither more nor better educational services. The effect of various mixtures and concentrations of students within districts, schools, and classes requires more transportation, more within buildings shuffling of students, more administrative complexity, more diffused responsibility, and constant re-grouping. Such complexity and multiple sources of control are more likely to harm than to help learning.

My observations of schools with such categorical programs suggest the kind of anonymity, alienation, and confusion found in hospitals that treat diseases rather than patients. Instead of thinking of children as individual human beings, educators yield to federally-required categorizations such as "mentally retarded," "Asian and Pacific Islander," "poor," "educationally deprived," "emotionally disturbed," and "learning disabled."

Since the amount of federal funds to districts, as well as administrator and staff salaries, depend on enrollments in special programs, more and more children are unsurprisingly so classified. Once labelled, they are found to require more intense and longer services that further enlarge staffs, complexity, and public costs.

Spending and Learning

All this might be tolerable if if federal expenditures and influence had some clear benefits for poor or educationally-deprived children. Nearly all the research, unfortunately, shows little evidence for such benefits. Despite dozens of studies which show little relation on how much schools spend and how much children learn, some federal policymakers and special interests urge still greater expenditures.

Worse, the federal government continues to allocate these expenditures to inconsistent and non-productive factors rather

than to such things as homework, superior teaching techniques, and other methods well documented in research to improve learning. Some federal policies thus cause increased expenditures without improving learning; others may actually deter learning, since the government rewards inefficient school districts.

These ironies led the eminent economist and former president of the American Association for the Advancement of Science, Kenneth E. Boulding (1972), to present to the American Educational Research Association a paper titled "The Schooling Industry as a Possibly Pathological Section of the American Economy." He noted that the schooling industry doubled its share of the American economy from about 3 to 6 percent in real prices from 1930 to 1970 and was "notoriously unprogressive when it comes to productivity" (p. 135). (After his writing, the even more distressing studies of international comparisons of achievement, declines in U.S. test scores, and other indices of quality in education became generally available; had Boulding known of these he might have been more dismayed.)

Recent comparisons show that insufficient expenditures and numbers of teachers in American schools fail to explain their poor and declining performance. Fuchs (1983) showed that both inflation-adjusted per-student costs and teachers per thousand students rose sharply in recent decades while test scores declined.

Boulding called for improvements in the productivity of schooling or "knowledge and skill per real dollar expenditure" (p. 137). He saw the major obstacle to progress as the lack of incentives for educators to improve their effectiveness: "Educators receive their incomes mainly, let us be frank about it, from the by-products of custodial care and certification, and if an educator develops an exceptionally productive method of increasing knowledge and skill he is not likely to be particularly well rewarded for it" except for "the satisfying feeling that his work has been done" (p. 138).

Current compensation policies illustrate the lack of incentives. School boards pay teachers not according to the quality or quantity of their performance, but degrees and years of experience, neither of which significantly correlates with student learning gains. School boards, moreover, most often pay superintendents and other central-office administrators according to the number and salaries of other administrative staff that report to them. Principals are often paid according to the numbers of educational staff or students in their school.

Rather than increasing learning, these policies give

incentives to: multiply the numbers of administrative staff; hire and retain teachers irrespective of merit, thereby lowering class sizes; and retain students, however little they learn. These policies consume scarce funds while contributing little to learning, or actually interfere with it.

Expenditure Effects

About the time Boulding gave his address, economists at the Rand Corporation (Averch, Carroll, Donaldson, Kiesling, and Pincus, 1972) provided the first synthesis of research on administrative, economic, and sociological "inputs" to schools such as expenditures per student; administrative and special-staff costs; teacher degrees and experience; and district, school, and class sizes. Their conclusions and those of others that followed them supported Boulding's contention: "Research has found nothing that consistently and unambiguously makes a difference in student outcomes" (Averch and others, p. 154).

Bridge, Judd, and Moock's (1979) more recent synthesis also supports Boulding's contentions. They compiled 28 studies of the dependence of learning on administrative, financial, and sociological "inputs" to schooling including expenditures per student, and came to no conclusive findings. Indeed, statistical analysis of the results show that only one input--socioeconomic status--among the 35 surveyed has statistically significant association with learning across the studies.

Pupil-teacher ratios or class sizes are among the weakest effects on learning, except at class sizes below about five that amount to tutoring groups. The largest syntheses of learning effects ever conducted showed smaller classes benefited learning more than did larger classes in only 60 percent of 691 comparisons of small and large classes (Glass, Cahen, Smith, and Filby, 1982). Close to a 50-50 split, this percentage comes close to what would be expected by chance alone (as in coin flipping) and is far less consistent than the effects of such things as amount of time allocated for learning, superior teaching techniques, and graded homework which are found to produce large and highly consistent effects on learning.

The results summarized by Bridge, Judd, and Moock (1979) for other quantitative inputs also showed insignificant associations with student learning. These include teacher salaries and the costs of non-teaching staff such as administrators and auxiliary personnel. They also include physical plant characteristics such as the age of the school building and value per pupil, and expenditures on libraries, books and supplies.

In his book on the influence of school resources on the

learning of inner-city children, Murnane (1975) also reviewed the literature on inputs and concluded: "The role of school resources in affecting the achievement of children is an unsettled question. The research that has been done has not had conclusive results" (p. 28). About teacher experience--a major determinant of expenditures--he wrote: "Most educators believe that teachers improve with experience, at least in the first few years of teaching. Research, however, has not been able to find a strong, consistent relationship between experience and (student) performance" (p. 29).

Levin (1970) compared the effects of selecting brighter rather than more experienced teachers. According to his results, hiring teachers of high verbal ability would be five to ten times more effective per dollar of expenditure in increasing students' achievement than hiring more experienced teachers.

Because of past practices, educators may find it more difficult to increase productivity by workforce selection. For decades, those preparing to teach have achieved on average the lowest test scores among college students. School board and union agreements of "last in, first out" in reducing the teaching force in response to declining enrollments provide few opportunities for hiring bright, less experienced staff. Doubling or tripling salaries would simply serve to make current staffs more tenacious in holding on to their positions.

Nor can it be easily hoped that additional or re-allocated expenditures would be devoted to direct instructional services to children. In reviewing studies of school-district expenditure equalization, Carroll (1982) and Geske (1983) both concluded that increased expenditures go mainly into administrative and auxilliary activities. In explanation, Carroll hypothesized:

> "School districts broadly agree on what constitutes an acceptable instructional program and they exert every effort to provide one. In doing so, low-revenue districts concentrate on necessities and make do with disproportionately few non-instructional resources. Districts with higher revenue per pupil provide a somewhat costlier instructional program, but they devote much larger shares of their budget to non-instructional purposes" (p. 242).

Recent Analyses of Spending

The most comprehensive synthesis on the effect of inputs and expenditures on achievement also shows inconsistent effects. From a quantitative synthesis of 130 studies, Hanushek (1981) concluded: "The available evidence suggests that there is no

relationship between expenditures and achievement of students, and that such traditional remedies as reducing class sizes or hiring better trained teachers are unlikely to improve matters"(p. 19).

The basis of Hanushek's conclusion is a tabulation of the number of positive and negative, significant and non-significant regression coefficients of expenditures per student and other costly inputs in predicting student test scores and other educational outcomes. The inputs included: expenditures per student; teacher-student ratios; teacher salaries, education, and experience; and quality indices of facilities and administrators.

Of the 554 significance tests of the coefficients for the seven indicators (which are, of course, the main determinants of educational costs), an average of 82.4 percent were insignificant. Ignoring significance and examining the sign of the coefficients alone reveals that several costly indicators are more often negatively than positively associated with test scores; larger staff to student ratios, for example, were more often associated with lower scores.

Hanushek categorized his sample of 130 studies by outcomes, units of analysis, equation specifications, and ratings of the methodological validity of the studies. But this more intensive search for systematic benefits of costly inputs left his conclusions unaltered (p. 25).

Glasman and Biniaminov's (1981) recent but less extensive compilation of results of 33 school input-output studies also makes possible tabulations and tests of financial inputs. The results on expenditures, class size, library books per student, school facilities, and teacher salaries are insufficiently consistent to produce statistical significance (in binomial sign tests) across studies.

Title I and Chapter 1 Spending

By 1980, about $26 billion had been spent on Title I (Kirst and Jung, 1980), and since then, the annual costs of Title I (which became Chapter 1) have been about $3 billion per year. Thus, the total expenditures on the program from its inception in 1965 through the 1983-1984 school year have been about $38 billion. Two questions should be asked about this considerable amount of money: Has it been well "targeted," that is, actually spent on poor children? And does it is help their learning?

Targeting on Poor Children

Kirst and Jung (1980) analyzed changes in Title I expenditures on poor children for the period 1966 through 1978. Nelson's (1983) and Carter's (1984) subsequent studies (discussed below) confirmed the seriousness of the continuing twofold problem

of targeting: Many poor children, as much as 100 percent in some school districts, are not reached at all; and substantial fractions of the funds, more than half in many instances, are spent on non-poor children.

Although targeting of Title I funds appeared to improve from 1966 to 1978 (Kirst and Jung, 1980), recent analyses still show substantial inaccuracy. Such inaccuracy, of course, produces two kinds of arbitrary governmental favoritism--spending extra money on some poor children and not others, and spending extra money on some non-poor children and not others. The current extent and significance of this continuing inaccuracy is treated below.

Title I Effectiveness

In addition to arbitrary favoritism, the question of the effectivenss of the program in promoting learning deserves evaluation. University of Pennsylvainia economists Mullin and Summers (1983) found more than 5,000 reports and articles on Title I and other compensatory education programs for poor children; but only 28 were valid evaluations with program costs and achievement test results on representative samples of students. This surplus of puffery and dearth of scientific research is surprising in itself since the federal government spent $50 million in evaluating the program in its first decade alone.

With respect to program costs, Mullin and Summers found "no significant association between dollars spent and achievement gains" (p.339). Furthermore:

> "The burden of evidence does not support sustained positive effects of Chapter 1. Instead, the evidence suggests that statistical procedures have exaggerated estimates of gains, that no particular grade level can be identified as particularly advantageous for intervention, that no particular program characteristic is consistently beneficial, and no clearly established evidence exists that positive effects have been sustained" (p. 341).

University of Colorado's Benjamin Stickney and Chapter 1 consultant Virginia Plunkett's (1983) criticism of the Mullin-Summers analysis should be mentioned. They commended Mullin and Summers's analysis of compensatory education studies and acknowledged the disappointing findings of previous research. Nonetheless, they developed three lines of argument for the success of Chapter 1.

First, they argued that since a single longer-term study of Headstart for pre-school children showed positive effects, Chapter 1 may yet turn out to have sustained or delayed rather than short-

term effects. They mentioned neither the logic of this argument, nor the Westinghouse-Ohio University Study and many other longitudinal studies treated by Mullin and Summers that show no sustained effects.

Second, they said that recent national samples of test data gathered by the National Assessment of Educational Progress show improvements in achievement, particularly in schools eligible for Chapter 1. Indeed, Archie E. LaPointe (1984), executive director of the federally-funded National Assessment, claimed such findings in an article titled "The Good News about American Education."

Actually, however, a count of 18 comparisons of the three age groups 9-, 13-, and 17-year olds in reading, mathematics, and science for the period 1969-1982 reported by LaPointe shows that 9 were statistically significant; of these, 6 were decreases, and 3 were increases (pp. 664-665). This means, of course, that two-thirds of the significant changes were declines.

In addition, among 18 comparisons, 6 significant gains of up to 5.5 percent were accompanied by 4 losses of higher achievers of up to 4 percent (p. 666). LaPoint further reported that in three comparisons of 9- and 13-year olds, those in disadvantaged urban and rural schools gained faster than those in other schools; but he omitted significance tests on these trends and the comparisons of 17-year olds and of all students in mathematics and science.

That the majority of significant changes were declines among the total population and that a trivial achievement redistribution from high achieving to low achieving students occured when American averages are near the bottom of the Japanese distribution on subjects that seem reasonable to compare (science and mathematics) may not seem good news. Even if there were massive gains instead of a plurality of losses and minor re-distribution, the simultaneity of Chapter 1 and test score changes hardly proves the efficacy of Chapter 1 because many other factors obviously affect the scores.

Finally, Stickney and Plunkett criticize Mullin and Summers for failing to include an unpublished, large-scale, long-range evaluation by Launor F. Carter of the Rand Corporation. This now-published (1984) evaluation, called the "Sustaining Effects Study," included data "on as many as 120,000 students in a representative sample of 300 schools throughout the country for 3 successive school years, starting with the 1976-77 school year" (p. 4).

The study bears quoting: "No demonstrated relationship was found between the costs of instruction students receive and changes in academic achievememt....Title I students received

services costing about $436 more than the servives regular students received....(But)...it is not clear that Title I students enjoyed a net gain in (amount of) total instruction" (p. 5). In addition, as found in prior evaluations, more non-poor than poor students received Title I funds, and more regular-achieving than low-achieving students received such funds.

Further: "students who received Title I for all 3 years of the study entered Title I at a low level of achievment, with scores averaging in the 80 range, and their achievement did not improve as they received Title I services." Title I, moreover, "did not improve the relative achievement of the most disadvantaged part of the school population;" and "by the time students reached junior high school, there was no evidence of sustained or delayed effects of Title I (p. 7). In other words, contrary to what Stickney and Plunkett suggest, the Carter study provides very damaging evidence on the effectiveness of Title I.

Court Decisions

The U.S. Supreme Court appears to have anticipated the consensus of research evidence on the relationship between expenditures and learning and on the shotgun theory of reaching the poor with federal and state funds. In Guthrie's (1983) account of U.S. school finance policy from 1955 to 1980, he showed that the Court, in ruling on the San Antonio case in 1973, was unpersuaded that "students in low wealth, low spending districts were being 'damaged' as a consequence of financing disparities. Loosely translated, the Court was not convinced that dollars for schools were tightly tied to the quality of services made available to pupils" (p. 216).

In addition, the Court "asserted that defendants did not readily constitute a suitable class. They were not uniformly poor, nor members of a racial group, nor from geographically identifiable areas. Thus, no so-called legally suspect classification appeared to be involved" (Guthrie, 1983, p. 216).

A decade after the decision, Nelson (1983) reported the first and as yet only empirical study of the poverty-concentration question in school finance. It supported the Court's reasoning. Nelson found "almost no relationship between individual and collective poverty" (p. 27). Thus, "poor individuals would gain little" from redistributing funds to poor districts "because the poor are only slightly more likely to be in an income-poor district" (p. 27).

For more than altruism, however, school districts may seek such redistribution of federal and state funds in the name of the poor. It may be economically rational for school districts to try

to benefit themselves, even though the added funds must be contributed by taxpayers in other districts. Moral questions may be attenuated by alleged benefits to the poor and by the distance of taxpayers in other districts in the state or nation.

It may also be natural to seek more distant federal or state sources that require accountability only to bureaucrats. School boards and superintendents may spend outside funds less conscientiously and productively than local tax dollars that must be justified more clearly to citizens in the community. The district's staff may not object to raising their own salaries, creating more supervisory and auxiliary positions, and reducing class sizes--all of which enlarge the demand for educators but reduce productivity since they raise costs (to the public) more than benefits (to students).

As Nelson pointed out, moreover, federal and state subsidies to school districts reduce local choice. Federal and state regulations that accompany funds diminish discretion both in total expenditures and in the freedom to allocate funds to various programs according to local needs and preferences.

Federal redistribution of funds can also contribute to inequality of opportunity. Taxes and other funds may be taken in part from the poor in some districts and given to the non-poor in other districts since some federal expenditures, for example, those on Chapter 1, favor the non-poor. But the most important point is that Chapter 1 funds are more likely to be spent on less productive activities than on activities that directly improve learning. It is hard for schools to concentrate their finite resources where they will do the most good; but Chapter 1 makes it much harder than it used to be or has to be.

Conclusions

On balance Chapter 1, appears to have done little good for students: it has neither raised the achievement of the educationally-deprived and poorest students, nor reduced the gap between them and other students. Indeed, more Chapter 1 funds have often been spent on non-poor than poor students, and the program has put many of the poorest and most educationally deprived students at a greater relative disadvantage. Chapter 1 has consumed a very substantial amount of money, about $38 billion, for ineffective services that interfere with regular school programs. It has also interfered with other federal educational programs for categories of students, so that its net effect may have been to contribute to inequality and to the declining productivity of America's schools.

With such a 20-year record, Chapter 1 might best be

terminated. The billions of dollars saved might be used to reduce the federal deficit or returned to states and local school districts in the form of block grants. Better yet, to save collection, negotiation, and distribution costs, these funds might not be taxed by Washington in the first place. Citizens could then invest their money in local schools or directly in their children. This would encourage a greater degree of efficiency and probity, since people can be expected to be careful about spending their own or locally-raised money.

The Iron Triangle of Congress, bureaucracy, and special interests (not including poor children) may make these constructive policies legislatively unrealistic. The Iron Triangle's usual response to expensive, ineffective programs is redoubled spending and even more centralized and special-interest control. This response, of course, leads to further inefficiency, lower test scores, greater achievement gaps, and an Iron Cycle of still more spending in which the worse the students do, the more professionals gain.

Improving Chapter 1

Thus, Chapter 1 may continue. How may it be improved? In the first place, educational productivity is much better understood today than as recently as ten years ago; but policy makers and educators make little use of this research. (Perhaps they lack both knowledge of it and incentives to use it.) Research statistically compiled from thousands of articles published in refereed educational and psychological journals shows that raising the amount of time spent in school on English (including writing and reading), mathematics, science, civics, history, art, music, and foreign languages, as well as several dozen relatively inexpensive and surprisingly old-fashioned techniques such as homework, teacher-parent cooperation, tutoring, and suiting classroom lessons to each child have an excellent record of promoting learning among all children, including the poor and educationally deprived (Walberg, 1984).

These techniques--relatively non-controversial and plausible to citizens--require teachers, parents, and students to cooperate and work harder in the child's interest. They amount to something moderately more than common sense and efficient investment of precious human time and undistracted attention. If Chapter 1 and other programs could foster these old techniques, without detailed bureaucratic regulation and monitoring, they might greatly increase educational productivity. Or, if the federal government simply interfered less in state and local operations, it would allow educators to apply the techniques themselves.

But what might be done with the current $3 billion per year in Chapter 1 funds? Is it our nation's goal to equalize not just opportunity to learn but learning itself--in other words, to equalize the amount learned by income groups, or to reduce the gaps between them? If we are seriously to take on this difficult task, direct financial grants to poor parents for a variety of purchasable services from public and private schools or individual teachers and tutors appear to have several advantages.

A highly efficient and successful federal precedent is the Congressional act known as the "G.I. Bill" for returning veterans starting in World War II. The Veteran's Administration sends monthly checks directly to veterans, whose colleges or proprietary schools certify that they are successfully completing courses or training. Other examples in higher education abound in the form of various kinds of scholarships. The Illinois State Scholarship Commission, for example, reimburses public and private colleges and universities within the state a fixed amount of tuition for each Illinois resident in attendance.

In such federal and state programs, public and private educational institutions design their programs, and students choose what suits them. All of the money goes for the education of designated individuals with no strings and a very small administrative cost. Since in the case of Chapter 1, more than half the funds appear to have gone to non-poor and normally-achieving students, similar scholarship grants to the poor would immediately double spending efficiency. The current dollars shared by poor and non-poor children could all go poor children thereby raising the annual allotment from about $450 to $900 per child.

Unlike the present method of allocating Chapter 1 funds, direct grants with parental choice of purchased educational services would directly alleviate the most important differences between the poor and others: their lack of buying power and, because of it, limited choices and mobility. With direct scholarship grants, nearly all the money would go to the poor to enlarge the extent, quality, and choice of educational services of their choice.

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